Reforms in Banking Sector

1221. SHRI SONTOSH MOHAN DEV : Will the Minister of FINANCE be pleased to state :

(a) whether a proposal for reforms in banking sector by organisational restructuring of banks and financial entities in under the consideration of the Government;

(b) if so, the details thereof;

(c) the steps taken to revamp banks and financial institutions to attain success in the reforms; and

(d) the time by which the fresh norms for Financial and Banking Institutions (FBI) are likely to be specified in regard thereto?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b). There is no specific proposal at present for organisational restructuring of banks. However, as announced in the Finance Minister's speech on the Budget for 1996-97, Government propose to transform the Industrial Reconstruction Bank of India (IRBI) into a full fledged all purpose development finance institution.

(c) and (d). Measures taken to implement Financial Sector Reforms fall into three categories :-

(1) measures aimed at removing the external constraints bearing on the profitability of the banks; (2) measures aimed at improving the financial health of the banks by introducing appropriate prudential norms; and (3) measures aimed at institutional strengthening including improving the competitiveness of the system. Statutory Liquidity Ratio (SLR) requirements and Cash Reserve Ratio (CRR) requirements have been reduced gradually. Prudential norms regulating income recognition, asset classification and provisioning were introduced in 1992-93 aimed at ensuring the safety and soundness of the financial system, imparting greater transparency and accountability in operations and restoring the credibility and confidence in the Indian financial system. deregulation of interest rates on deposits above Rs. 2 lakhs and freedom given to banks to fix Prime Lending Rates are steps aimed at institutional strengthening and improving the competitiveness of the system.

Reserve Bank of India reviews the progress periodically and takes corrective steps wherever required. Since reform is an ongoing and continuous process no time-frame can be indicated.

In order to enable financial institutions (FIs) to play their role more effectively in the changing economic and industrial scenario, FIs such as Industrial Development Bank of India (IDBI) and Industrial Finance Corporation of India Ltd. (IFCI) have been provided greater functional autonomy and operational flexibility. They have also been enabled to access the capital market through issue of equity share capital and enlarge their shareholders' base.

World Bank Aid for Infrastructural Sector

1222. SHRI K.H. MUNIYAPPA : Will the Minister of FINANCE be pleased to state :

(a) whether the Government have sought for the World Bank assistance to meet the huge resource requirements in this infrastructural sector; and

(b) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes, Sir.

(b) There are a number of on-going programmes of assistance by the World Bank in various infrastructural sectors. A number of projects in the sectors have also been posed to the World Bank which are at various stages of consideration. These interalia, include projects in Power, Highways, Ports, Railways and Water Supply Sectors apart from dedicated lines of credit for funding infrastructural projects.

[Translation]

Agreement Between India and China

1223. SHRI RAJENDRA AGNIHOTRI :
KUMARI UMA BHARTI :
SHRI PANKAJ CHOWDHARY :

Will the Minister of FINANCE be pleased to state :

(a) whether any agreement between India and China for investment protection has been signed;

(b) if so, the details thereof; and

(c) the time by which the said agreement is likely to be implemented?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) No, Sir.

(b) and (c). Does not arise.

[English]

Jute Bags

1224. SHRI S. RAMACHANDRA REDDY :
SHRI AJMEERA CHANDULAL :

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government received any request from the cement Industry seeking exemption from compulsory use of jute bags for packing;

(b) if so, the details thereof and the reasons for seeking exemption; and

(c) the reaction of the Government thereto?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA): (a) Yes, Sir.

(b) and (c). The reasons advanced by Cement Industry, inter alia are that plastic bags are preferred by